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ALERT

U.S. TREASURY ADDS [REDACTED] TO OFAC'S SDN LIST AS A SUPPORTER OF WMD PROLIFERATION

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On January 9, 2007, the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") added [REDACTED], the fifth-largest Iranian state-owned bank; all its branches worldwide; [REDACTED], a wholly-owned subsidiary located in London; and [REDACTED], [REDACTED] chairman and director (collectively, "[REDACTED]"), to the Specially Designated Nationals and Blocked Persons List (the "SDN List") and designated them as supporters of weapons of mass destruction ("WMD") proliferation. This designation bans all U.S. persons from doing business with [REDACTED], including transactions involving Iranian banks that are usually authorized by general license, such as U-turn payments. Additionally, any of [REDACTED] assets that are, or that hereafter come under, U.S. jurisdiction are blocked by operation of law. OFAC took this action pursuant to Executive Order 13382 which was issued in June 2005 to freeze the financial assets of proliferators of WMD, their agents and supporters.

The Treasury Department determined that [REDACTED] provides financing to facilitate Iran's international purchases of material for its missile program, and since at least 2000, has been a "key provider" of financial services to several entities included on the SDN list as proliferators of WMD. According to Stuart Levey, Treasury's Under Secretary for Terrorism and Financial Intelligence, "[REDACTED] is the financial linchpin of Iran's missile procurement network and has actively assisted in Iran's pursuit of missiles capable of carrying weapons of mass destruction."

Mr. Levey provided several examples of [REDACTED] direct involvement with Iranian and North Korean entities designated as proliferators of WMD, including its relations with: [REDACTED]

Additionally, SHIG, SBIG and the head of the AIO have been listed in the Annex to the UN Security Council Resolution 1737 as persons or entities whose financial assets must be blocked because they have engaged in, directly associated with or provided support for Iran's proliferation-sensitive nuclear activities or the development of nuclear weapon delivery systems.

Furthermore, Treasury determined that [REDACTED] has engaged in deceptive financial practices, such as asking other financial institutions to remove its name

from transactions that are processed in the international financial system, in order to avoid detection when processing certain transactions.

The designation of [REDACTED] comes not long after OFAC amended the Iranian Transaction Regulations to cut off another large Iranian state-owned bank, [REDACTED], from the U.S. financial system. U.S. persons can no longer engage in any transactions involving [REDACTED], including those that are generally licensed, such as U-turns. [REDACTED] was identified by Treasury as a significant facilitator of Hizballah's financial activities, and has acted as a conduit for funds transfers between the government of Iran and Hizballah, Hamas, the Popular Front for the Liberation of Palestine-General Command, and the Palestinian Islamic Jihad. Under Secretary Levey stated that isolating [REDACTED] from the U.S. financial system was an attempt to counter Iran's support for terrorism, considering that [REDACTED] facilitates hundreds of millions of dollars to Hizballah and other terrorist organizations each year. Levey added that Hizballah alone has received \$50 million directly through [REDACTED] since 2001.

Due to the seriousness of this program, U.S. persons should be extremely cautious to avoid any dealings with these individuals and entities or persons associated with them.

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